

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:4966
ANSWERED ON:29.04.2008
CLOSURE OF INDUSTRIES
Rajbhar Shri Chandra Dev Prasad

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the number of large and medium industrial units in the public sector and private sector which have been closed or are on the verge of closure as on date alongwith the reasons therefor, State-wise; and

(b) the steps taken/proposed to be taken by the Government to revive the said industrial units?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI ASHWANI KUMAR)

(a): The data on closed industrial units in the country is compiled by Labour Bureau, Shimla under the Ministry of Labour and Employment. As per the information furnished by the Labour Bureau, the state-wise number of industrial units in the public sector and private sector closed in the years 2005, 2006 and 2007 is presented in the table at Annexure. The Labour Bureau, while collecting the information has made no distinction between large and medium industrial units and collected no information for the industrial units which are on the verge of closure. Further, the Labour Bureau has not conducted any study on the reasons for closure of units. The information is collected under the Industrial Disputes Act for permanent closures which are due to industrial disputes or financial stringency, shortage of raw material or power, coal, natural calamities, inter/intra union rivalries, indiscipline, violence, breakdown of machinery, etc. As per the Board of Industrial and Financial Reconstruction, the sick industrial companies attribute change in Government policies, managerial problems, production and technical problems, marketing problems, financial problems, lack of adequate infrastructure, delay in sanction and disbursement of Term Loan by financial institutions and banks and high cost of interest as the reasons for their sickness/closure.

(b): Besides providing a policy regime that facilitates and fosters growth and development of industries, steps taken for revival of sick industrial units, inter-alia, include setting up of Board for Industrial and Financial Reconstruction (BIFR) and issue of guidelines by Reserve Bank of India to banks for financial support and amalgamation of sick units with healthy units. Wherever feasible rehabilitation schemes are sanctioned for the revival of the units registered with the BIFR which, inter alia, include restructuring of the capital, induction of fresh funds by the promoters, Government assistance for public sector units, merger with other companies, relief and concessions in the form of rescheduling of dues by Financial Institutions, banks and Government and change of management.